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In the Matter of)

Closed Captioning and Video Description)
of Video Programming)

MM Docket No. 95-176

NOTICE OF INQUIRY

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COMMENTS OF CaptionMax IN THE NOTICE OF INQUIRY REGARDING CLOSED CAPTIONING AND VIDEO DESCRIPTION

To the Commission:

CaptionMax is writing in response to your request for comments in the "Notice of Inquiry", FCC 95-484, in the above-captioned proceeding, released December 4, 1995.

The Commission seeks to assess the current availability, cost, and uses of closed captioning and video description, and to assess what further Commission actions may be appropriate to promote these services. It also seeks comment on the appropriate means of promoting the services wider use in programming delivered by television broadcasters, cable operators, and other video programming providers.

CaptionMax formed in June of 1993 to provide high quality off-line captioning services to the video production industry in Minneapolis and the rest of the country. We are one of only a handful of such companies to be awarded "Approved Vendor" status by the Department of Education. Our clients include corporations, advertising agencies, production companies, educational and governmental institutions.

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COMMENTS

V. THE COST OF CLOSED CAPTIONING AND VIDEO DESCRIPTION

Paragraph 18. Cost Issues.

We ask parties to provide information on the current costs of providing closed captioning...

CaptionMax charges \$1560 to caption a one-hour program. When this is broken down, it works out to be \$26 per minute of the program. This does not include tape stock which can run anywhere between \$15-\$128 depending on format of videotape. We do offer "digital encoding" which costs \$30 per minute of program, or \$1800 in the case of the one-hour program example. Digital encoding can only be used when creating a new captioned master on a digital format tape from a digital format original. In either case, the total costs would be under \$2000. The time needed to complete a one-hour program would fall within the 20-30 person hours stated in this paragraph.

What are the current rates...?

For program length shows (10 minute minimum) we charge \$26.00 per minute of the program for analog encoding and \$30 per minute for digital encoding. For commercial spots, we charge \$200 per spot for analog encoding, \$250 per spot for digital encoding. Additional spots on the same reel are \$100 each, same spot-different tag on same reel are \$75.00 each.

What is the overall cost of providing closed captioning or video description of different types of programs?

We do not vary our rates depending on the content of the programming.

19. Supply of Closed Captioning and Video Description Services.

We also seek comment on the adequacy of the supply of closed captioning...

CaptionMax is a business solely dedicated to captioning. We do nothing but captioning, and have a full-time staff of captioners. As far as we know, we are the only company in Minneapolis providing captioning as its sole business. There are approximately 3-4 other organizations who provide captioning services as a side business in this area.

20. Funding of Closed Captioning and Video Description.

21. Future levels of federal funding.

We seek comment on the current degree of funding from these and other sources...

In our opinion, federal funding for closed captioning should be eliminated for broadcast networks, who, as of recent Department of Education statements, are receiving the bulk of federal funding for captioning. These networks are financially strong, and work with extremely large production budgets for each program they air. To think that they need additional funding to cover the cost of closed captioning, when captioning itself might only cost them 1% of the total production budget, seems highly suspect. By making captioning mandatory for all broadcast, cable and premium programming, funding could instead be directed towards other kinds of organizations such as corporations interested in captioning their commercials and in-house training and marketing videos. This may not even be necessary, as corporations will eventually feel pressure to caption their commercials so as not to isolate themselves in a sea of captioned programming. Mandatory captioning would also let market forces control captioning, thereby increasing the quality of captioning as well as keeping the cost of captioning under control. As a small captioning company, we are finding it very difficult to attract national programming. These networks - broadcast, cable, and premium, have no need to search for the low cost captioning services when their programming is being federally funded. If smaller companies like ourselves could bid projects on a price/quality basis, the captioning costs would be driven down, and the quality driven up as companies try to attract networks based on these parameters.

VI. MARKET INCENTIVES FOR CLOSED CAPTIONING...

23. We seek comment on the role free market forces have played and can play....

From our perspective, it doesn't appear that advertisers are actively seeking to market to individuals with hearing impairments. Those that do caption their video programming, seem to be doing it for more socio-political reasons, i.e. the goodwill it can create for the advertiser and it's public relations image. In our research, advertising agencies who handle these companies broadcast budget seem not to believe the statistics relating to the population size, demographics and buying habits of the hearing impaired. Again, if captioning were made mandatory for all broadcast programming, we believe the commercial advertisers would feel great pressure to caption their spots.

VII. INQUIRY REGARDING MANDATORY CAPTIONING...

27. The application of mandatory requirements.

At CaptionMax, our main concern is that all programming be captioned -- whether it's from the big four networks, cable systems, etc. If captioning does become mandatory, then it would make sense to caption the programming at the time of production and to distribute it with captions rather than have each delivery system caption the program. What we're worried about is that these production companies and distributors who produce or distribute shows for air might use the argument that they don't have the funds

to cover the additional cost of captioning. Our response to that argument would be that the companies that cannot afford to cover the additional cost of captioning, should not be producing/distributing programs in the first place. In the free-market system, production companies and distributors will be offering bids based on price, quality, etc., which will include the cost of captioning. Companies that can't afford to compete on these terms will not be winning contracts with broadcasters, cable systems, etc. If the production company and the broadcaster, cable system, etc., happen to be one in the same, then they are still responsible to see that their production be captioned. We'd also like to see the law extended to cover advertising if possible, again with the understanding that, for the most part, companies that can afford to advertise their product over television airways, can certainly afford to cover the incredibly low cost of captioning spot television.

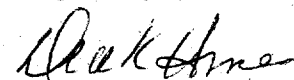
28. Exemptions.

In our strong opinion, there need not be exemptions to a mandatory captioning law. Both the House and the Senate discuss exemptions based on "economic burden", or "significant difficulty or expense". In a free-market system like we have today, programming owners and providers will have to add this the cost of production. If this is not economically feasible for them, their programming will not be broadcast. There will be other owners and providers of programming that have the necessary financial backing and will gladly step into the void. Our advise is to let Darwinism decide who exists and who doesn't. These kinds of exemptions, as they are stated now, are incredibly vague, and leave large amounts of leeway around a mandate of captioning.

29. We generally seek comment...

Requirements to close caption will not be applied to just the smaller entities, rather it's going to be applied to everyone seeking to produce programming. What this means is that for production companies/distributors vying to produce/distribute programming, everyone's bid will increase by the cost of adding captioning to the budget. In other words, everyone will still be on a level playing field relative to before. In taking into consideration small programming providers where the majority of their programming is being produced by themselves, we would need to see significant "difficulty or expense" for them to be exempted. Our strong feeling is that organizations that have the financial resources to produce national programming, will have the assets needed to subsidize the relatively low cost of captioning. Local and regional programs, if produced by an affiliate of one of the broadcast networks, should be required to caption as well. The reason being that broadcast networks need to be responsible for what comes across their airways on all levels, national as well as local and regional.

Respectfully Submitted,



Derek Hines

Operations Manager-CaptionMax